

Federal Budget Vocabulary Tip Sheet

- **Appropriations Act:** A statute, under the jurisdiction of the House and Senate Appropriations Committees, that provides authority for Federal agencies to spend money for specified purposes. An appropriations act is the most common way of providing budget authority, and there are currently 13 regular appropriations acts for each fiscal year that, combined, make up the entire federal budget.
- **Budget resolution (Congressional Budget):** A resolution passed by both Houses of Congress that establishes various budget totals, allocations, and entitlements for the U.S. Government for a fiscal year.
- **Continuing resolution:** Appropriations legislation enacted by Congress to provide temporary budget authority for Federal agencies so that they can remain in operation when their regular appropriations bill has not been passed by the start of the fiscal year.
- **Direct spending:** Established in laws, direct spending includes entitlement authority, the food stamp program and budget authority provided in a law other than appropriations acts. In the appropriations process, all direct spending is considered mandatory rather than discretionary spending.
- **Discretionary spending:** This spending is optional, in contrast to entitlement programs for which funding is mandatory, and is established by Congress in the annual budget process.
- **Earmarks:** A legislative provision that directs funds to be spent on specific projects, or that directs specific exemptions from taxes or mandated fees.
- **Entitlement:** Programs that legally require the Federal government to make specific payments to qualified recipients. Examples: payments to persons under the Social Security Act, Medicare and veterans' pensions programs.
- **Mandatory spending:** Spending for programs whose funding is controlled by formulas or criteria established in authorizing legislation rather than by appropriations. Examples, many of which are considered entitlements: Social Security, Medicare, veterans' pensions, rehabilitation services, Congressional Members' pay, judges' pay and the payment of interest on the public debt.

- **Mark-ups:** Meetings in which congressional committees work on the language of bills or resolutions. At Budget Committee mark-ups, the House and Senate Budget Committees work on the language and numbers contained in budget resolutions and legislation affecting the congressional budget process.
- **Maintenance of effort:** A specific requirement that a funding recipient must maintain a certain level of financial effort in order to receive Federal grant funds. Example: A state must keep the state's funding for a program the same each year in order to receive federal funding for the program.
- **Omnibus appropriations/spending bill:** When Congress fails to pass all of the appropriations bills individually, the remaining appropriations bills are combined into an omnibus bill. This allows budgeting to occur for many projects at once with the intention of more quickly passing many discretionary spending measures.
- **PAYGO (pay-as-you-go) rule:** An internal rule of the House and Senate requiring that all entitlement increases and tax cuts be fully paid for and therefore not add to the deficit. The rule does not apply to discretionary spending, which is limited by the allocations set in the annual budget resolution.
- **President's Budget:** The document sent to Congress by the President in January or February of each year requesting new budget authority for Federal programs for the upcoming fiscal year. The President's Budget is a policy statement, outlining the administration's intentions, but is not binding. Congress can accept, reject or modify all or parts of the President's Budget.
- **Reconciliation process:** A process by which Congress includes "reconciliation instructions" to specific committees, directing them to report legislation that changes existing laws, usually for the purpose of decreasing spending or increasing revenues by a specific amount by a certain date. The legislation may also contain an increase in the debt limit.